

Class A Contribution Rates Increase July 1

As part of the plan to increase Class A retirement benefits, contributions for Class A members will rise 20 percent July 1, 2002.

Class A contributions for both employers and members will increase from the current 5 percent to 6 percent of salary for a combined rate of 12 percent. This change will pay for the increase in the Class A

Standard Formula multiplier from 1.3 percent to 1.55 percent for all credited service after July 1, 2002.

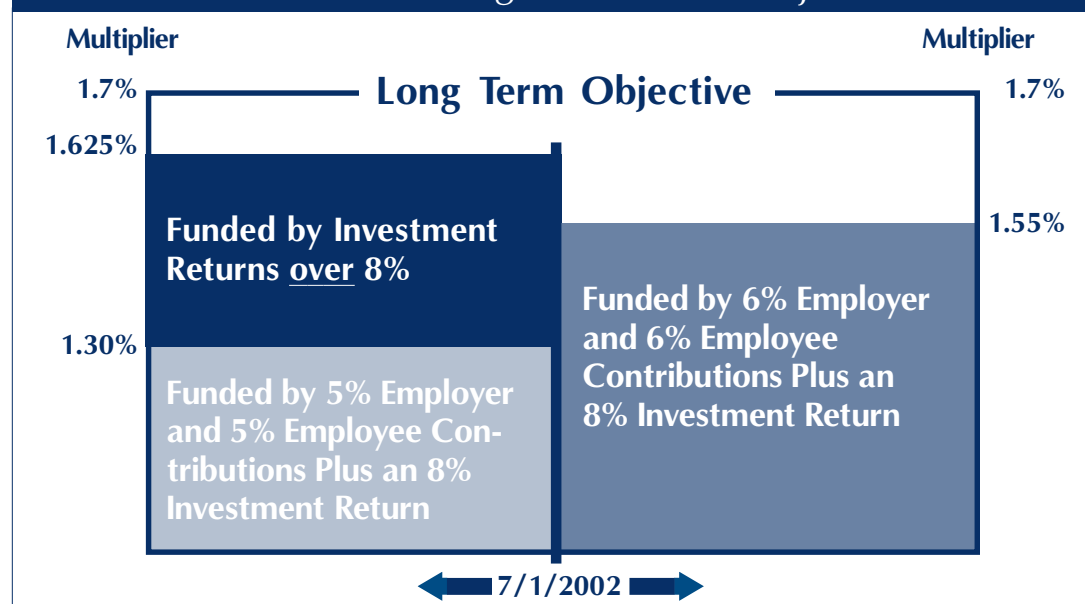


The 2002 Legislation also provided a funding mechanism for the Class A Alternative Formula. [UpDate](#)

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Class A Moves Closer to Long Term Benefit Objective




The Answer Line: *Knowing Which Questions To Ask*




 **The 2002 Legislature made a change to South Dakota's retirement laws that requires SDRS member units to make additional employer contributions for employees earning more than \$84,900 a year. Why?**



 The additional contribution will fully cover the cost of the Class A Alternate Formula Multiplier.

 **How will it work?**

 The change applies only to participating units who have Class A members earning an annual salary over \$84,900. Effective July 1, 2002, employers are required to contribute an additional 6.2 percent (six and two-tenths of one percent) of any member's compensation that exceeds the maximum taxable amount for Social Security for the calendar year (\$84,900 for calendar year 2002). This means

the employers will pay 5 percent contributions on salary prior to July 1, 2002, 6 percent contributions on salary after July 1, 2002 AND an additional 6.2 percent on salary above \$84,900. Members will pay 5 percent contributions on salary prior to July 1, 2002 and 6 percent contributions on salary after July 1, 2002.

 **If the payroll period extends from June 15, 2002 to July 15, 2002, does the employer pay 6 percent Class A contributions (plus the Alternate Formula funding if applicable) and the member pay 6 percent contributions?**


 Yes. Because the actual pay date is after July 1, 2002, the additional contributions are paid. This pay date determines the contribution rates to be used, not the pay period or the date the check may be prepared. 

SDRS Reminders

CONTRIBUTION RATES TO INCREASE JULY 1

Starting July 1, 2002, Class A contributions for both employers and members will increase to 6 percent of salary for a combined rate of 12 percent. Until then, Class A contributions will continue at 5 percent of salary.

CONTRIBUTIONS AND REPORTS HAVE JULY 15 DEADLINE


Both contributions and the contribution report for June must be received by July 15. The recap report, disk and contributions need to be sent to the Sioux Falls Remittance Center, P.O. Box 5055, Sioux Falls, SD 57117-5055. June contribution payments received after July 15 will be delinquent. The Legislature has established a 5 percent penalty plus an interest charge of 12 percent a year for delinquent contributors. 

SDRS BRINGS RETIREMENT PLANNERS TO COMMUNITIES

SDRS members often retire with little or no prior planning, which can lead to faulty decisions and even exposure to financial risk. Consequently, SDRS has undertaken an outreach initiative that will bring retirement planners into local communities and face-to-face

with members.

This expanded member service has taken final form with presentations and one-on-one counseling sessions now being made in counties throughout the state. The meetings are scheduled well in advance to allow you, your

members and their spouses time to plan. The schedule is on the SDRS Web site and occasionally meeting dates are expanded. [See schedule on page four or the SDRS Web site for more current information.] 

The Way It Works:

PURCHASE CONTRACT/TRUSTEE ACQUISITION



Verifying Prior Service for Purchase Contracts

Some members have worked in public service prior to their current employment by an SDRS participating unit. All active contributing members who have worked as public employees without receiving credited service in SDRS or who have forfeited their SDRS credited service by a refund of accumulated contributions, may purchase credited service for those years.

However, before members can make a purchase (enter into a purchase contract) their prior public service must be verified.

Prior service within South Dakota can usually be easily verified, but verification of out-of-state public service often takes additional time and effort. Although SDRS provides forms and instructions, members have full responsibility for obtaining verification of service and must complete the process at least 60 days prior to the time they wish to start a purchase contract.

Trustee-to-Trustee Acquisition New This Year

While purchasing prior service has always been an option, using funds

from certain eligible retirement plans is a method that only became available this year. Instead of purchasing service, the acquisition method uses an agreement to transfer the necessary funds from the trustee of either the SDRS Supplemental Retirement Plan or a similar § 457 plan, or a § 403(b) plan directly to SDRS.

However, both a purchase contract and a trustee-to-trustee transfer achieve the same result—additional credited service and increased future retirement benefits for the member. **UpDate**

SDRS Welcomes New Retirement Planners

SDRS has welcomed two new retirement planners to the staff. Travis Almond and Patrick Steffensen have recently joined SDRS, and have been meeting with members and employers across South Dakota. Travis and Patrick make a group presentation and respond to questions from 6:30 p.m. to 7:30 p.m. and hold individual counseling sessions by appointment. SDRS will send

advance notice of the meeting to both members and employers in the area. The statewide meeting schedule can be found both on page

four and on the SDRS Web site at <http://www.state.sd.us/sdrs/index.htm>. If Travis and Patrick are coming to your county and mem-

bers of your unit would like to make individual appointments, please contact SDRS at (605) 773-3731 to set up a meeting time. If members wait until the day prior to the meeting to make an appointment, they may be unsuccessful in obtaining a one-on-one session. **UpDate**



Patrick Steffensen and Travis Almond

SDRS STATE-WIDE MEETING SCHEDULE

SCHEDULE DATE	CITY	COUNTY	LOCATION	ADDRESS	INDIVIDUAL COUNSELING SESSIONS
May 7, 2002	Custer	Custer	Co. Courthouse Annex	447 Crook Street	Available
May 14, 2002	Parkston	Hutchinson & Douglas	Senior Center	111 th Street	Available
May 21, 2002	Canton	Lincoln	Canton Library	225 N. Broadway	Available
May 28, 2002	Winner	Tripp, Mellette, Todd & Bennett	Senior Center	146 E. 5 th Street	Available
June 4, 2002	Plankinton	Aurora & Jerauld	Senior Center	Main Street	Available
June 11, 2002	Faulkton	Faulk & Potter	County Courthouse	110 9 th Ave S.	Available
June 18, 2002	Webster	Day	Dakotah Bank	600 Main	Available
June 25, 2002	Salem	McCook	REA Room	236 N. Main	Available
July 2, 2002	Parker	Turner	Community Room	400 S. Main	Available
July 9, 2002	Lake Preston	Kingsbury	Community Room	100 3 rd St. N.W.	Available
July 16, 2002	Tyndall	Bon Homme	City Library	110 W. 17 th Ave.	Available
July 23, 2002	Flandreau	Moody	County Courthouse	101 E. Pipestone Ave.	Available
July 30, 2002	Bison	Perkins & Ziebach	County Courthouse	100 E. Main	Available
August 6, 2002	Hot Springs	Fall River & Shannon	Mueller Civic Center	801 S. 6 th St.	Available
August 13, 2002	Sisseton	Roberts	Dakotah Bank	321 E. Veteran Ave.	Available
August 20, 2002	Vermillion	Clay	Continuing Education Building	North University	Available
August 27, 2002	Beresford	Union	Library Community Room	115 S. 3 rd	Available
September 3, 2002	Redfield	Spink	To be announced	To be announced	Available
September 10, 2002	Sturgis	Mead	To be announced	To be announced	Available
September 17, 2002	Spearfish	Lawrence	To be announced	To be announced	Available
September 24 & 25, 2002	Rapid City Schools	Pennington	To be announced	To be announced	Available
October 1 & 2, 2002	Sioux Falls Schools	Minnehaha	To be announced	To be announced	Available
October 8 & 9, 2002	Rapid City**	Pennington	To be announced	To be announced	Available
October 15 & 16, 2002	Sioux Falls**	Minnehaha	To be announced	To be announced	Available
October 22, 2002	Clark	Clark	To be announced	To be announced	Available
October 29, 2002	Aberdeen	Brown & McPherson	To be announced	To be announced	Available
November 5, 2002	Yankton	Yankton	To be announced	To be announced	Available
November 12, 2002	Madison	Lake & Miner	To be announced	To be announced	Available
November 19, 2002	Brookings	Brookings	To be announced	To be announced	Available
November 26, 2002	Huron	Beedle & Sanborn	To be announced	To be announced	Available
December 3, 2002	Pierre (State Workers)	Hughes, Hyde, Stanley & Sully	To be announced	To be announced	Available

* Limited to one employer

** All agencies, other than schools